

Message Text

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64

ACTION EUR-25

INFO OCT-01 EA-11 NEA-14 ISO-00 FEA-02 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-03 COME-00 DODE-00 EB-11 FPC-01

H-03 INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

FRB-03 PA-04 USIA-15 PRS-01 DRC-01 /204 W

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R 171810Z SEP 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5091

INFO AMEMBASSY TEHRAN

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG, GW, IR

SUBJECT: FRG/IRAN ECONOMIC RELATIONS

REF: BONN 7347

1. EMBOFF DISCUSSED THE CURRENT STATE OF FRG/IRANIAN RELATIONS WITH ECONOMICS MINISTRY MID-EAST EXPERT HENZE. FOLLOWING IS THE CURRENT STATUS OF NEGOTIATIONS IN VARIOUS FIELDS.

2. OIL REFINERY. HENZE SAID THAT NEGOTIATIONS ON THE 25 MILLION TON REFINERY ARE DUE TO RESUME LATER THIS MONTH AT SOME STILL UNDECIDED NEUTRAL LOCATION. HE
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SAID THERE WAS CONSIDERABLE PRESSURE BOTH FROM THE

IRANIANS AND THE GERMAN OIL COMPANIES (GELSENBERG/VEBA) TO CONCLUDE THESE NEGOTIATIONS. ONE OUTSTANDING ISSUE IS THE QUESTION OF PREFERENTIAL TREATMENT FOR GERMAN IMPORTS OF THE REFINERY'S OUTPUT (SEE SEPTTEL THIS SUBJECT). ANOTHER UNRESOLVED ISSUE IS THE PRICE OF CRUDE OIL PROVIDED TO THE REFINERY. HENZE INDICATED THAT ALTHOUGH THIS ISSUE IS NOT YET SETTLED IT APPEARED THAT THE PRICE WOULD BE THE PREVAILING WORLD PRICE. HE ALSO SAID THERE WAS NO LONGER ANY LINK BETWEEN THIS REFINERY AND A POSSIBLE PETROCHEMICAL COMPLEX. HENZE SAID THAT THE IRANIANS HAVE THROWN IN AN ENTIRELY NEW DEMAND, HOWEVER, WHICH HAS COMPLICATED THE NEGOTIATIONS. THE GOI HAS PROPOSED THAT TAXES ON THE REFINERY BE BASED ON PREDETERMINED POSTED PROFITS RATHER THAN ACTUAL PROFITS. POSTED PROFITS WOULD BE DEFINED AS 14.5 PERCENT PER TON OF CRUDE OIL PROCESSED AND THESE PROFITS WOULD THEN BE TAXED AT THE RATE OF 55 PERCENT. HENZE INDICATED THAT THIS ITEM WOULD REQUIRE EXTENSIVE NEGOTIATIONS.

3. NATURAL GAS. ACCORDING TO HENZE, REPRESENTATIVES OF RUHRGAS ARE GOING TO TEHRAN NEXT WEEK TO RESUME NEGOTIATIONS ON THE TRIANGULAR GAS DEAL. HENZE ANTICIPATES THAT THE NEGOTIATIONS WILL MOVE ALONG FAIRLY QUICKLY NOW THAT THE IRANIAN/RUSSIAN CONTRETEMPS OVER PRICE HAS BEEN RESOLVED. HE NOTED THAT THE NEGOTIATIONS ON THE SECOND DEAL, IN WHICH ENI HAS THE LEAD, ARE GOING FAIRLY SLOWLY. HE WAS SEEMINGLY UNAWARE OF THE DETAILS OF THE DEAL REPORTED IN TEHRAN 7510.

4. INDUSTRIAL COOPERATION. HENZE REPORTED NO SPECTACULAR PROGRESS IN MOVING AHEAD WITH PROJECTS AGREED TO AT THE GERMAN/IRANIAN CONFERENCE LAST SPRING. HE SAID HE EXPECTS INDUSTRIAL COOPERATION TO PROCEED VERY SLOWLY IN THOSE SECTORS WHERE THERE IS CURRENTLY EXCESS CAPACITY IN GERMANY E.G., AUTOMOBILES. HILLENBRAND

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